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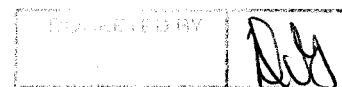
BEFORE THE ARIZONA CORPORATION COMMISSION

JIM IRVIN
Commissioner
WILLIAM A. MUNDELL
Commissioner
MARC SPITZER
Commissioner

2001 JAN -5 P 1:09

DOCKETED

JAN 9 8 2001



IN THE MATTER OF THE APPLICATION OF)
EZTEL NETWORK SERVICES, LLC FOR A)
CERTIFICATE OF CONVENIENCE AND)
NECESSITY TO PROVIDE COMPETITIVE)
RESOLD INTRASTATE)
TELECOMMUNICATIONS SERVICES, EXCEPT)
LOCAL EXCHANGE SERVICE.)

DOCKET NO. T-03833A-00-0062

**STAFF'S FAIR VALUE RATE
BASE COMMENTS**

EzTel Network Services, LLC ("ezTel" or "Company") filed a response on December 7, 2000 to the December 6, 2000 Procedural Order's requirement that ezTel file Fair Value Rate Base ("FVRB") information in support of its application for a Certificate of Convenience and Necessity ("CC&N"). The December 6, 2000 Procedural Order ordered the Utilities Division Staff ("Staff") to file disagreements with the proposed FVRB and/or rates and charges within 30 days of the Company filing its FVRB information.¹ Staff hereby files its comments as required by the December 6, 2000 Procedural Order.

The information filed by ezTel is not sufficient to allow Staff to perform an analysis and provide a recommendation for a fair value finding in this case.

Staff's recommendation regarding fair value in this case appears in the Amended Staff Report docketed on January 5, 2001. Staff recommends that ezTel be required to file in this Docket, within 18 months of the date it first provides service following the requested certification, sufficient information for Staff analysis and recommendation for a fair value finding, as well as for an analysis and recommendation for permanent tariff approval. Staff believes that this information must include, at a minimum, the following:

¹ The December 6, 2000 Procedural Order also ordered Staff to review the FVRB information filed and ascertain that ezTel is utilizing the appropriate amount of depreciation and capital carrying costs in determining its minimum and maximum rates.

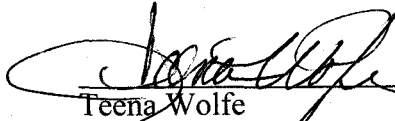
1 1. A dollar amount representing the total revenue for the first twelve months of
2 telecommunications service provided to Arizona customers by the Company following
3 certification, adjusted to reflect the **maximum rates** that the Company has requested in
its tariff. This adjusted total revenue figure could be calculated as the number of units
sold for all services offered times the maximum charge per unit;

4 2. The total actual operating expenses for the first twelve months of
5 telecommunications service provided to Arizona customers by the Company following
certification; and

6 3. The value of **all assets**, listed by major category, used for the first twelve
7 months of telecommunications service provided to Arizona customers by the Company
8 following certification. Assets are not limited to plant and equipment. Items such as
office equipment and office supplies should be included in this list.

9 Staff recommends that ezTel's proposed tariffs be approved on an interim basis pending its
10 timely provision of the above-described data to the Commission, and that ezTel's failure to timely
11 file sufficient information as outlined above for Staff analysis and recommendation for a fair value
12 finding and permanent tariffs should result in the expiration of ezTel's requested CC&N and of the
13 interim tariffs. In addition, if there are any disagreements with any FVRB information that the
14 Applicant files, the Order granting ezTel's CC&N should be stayed pending resolution of those
15 disagreements.

16
17 RESPECTFULLY SUBMITTED this 8th day of January, 2001.

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19 
20 Teena Wolfe
21 Arizona Corporation Commission
22 Attorney, Legal Division
1200 West Washington Street
Phoenix, Arizona 85007
(602) 542-3402

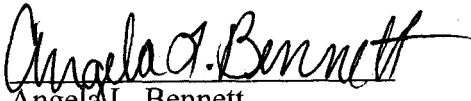
23 The original and fifteen copies
24 of the foregoing filed this 8th day
of January, 2001, with:

25 Docket Control
26 Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

27 Copy of the foregoing was mailed
28 this 8th day of January, 2001 to:
...

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